Power tariff rationalization

*410. SHRI C.M. IBRAHIM: Will the Minister of POWER be pleased to state:

(a) what steps have been taken for rationalization of power tariff in Andhra Pradesh, Maharashtra and Karnataka in the context of agitations against high power tariffs in Andhra and other States, through Central Electricity Regulatory Commission or State Electricity Regulatory Commission or otherwise; and

(b) whether State Electricity Regulatory Commissions have been set up in these States, if so, the composition and functions thereof and if not, in which States steps are being taken to set up State Commissions?

THE MINISTER OF POWER (SHRI SURESH PRABHU): (a) and (b) The Electricity Regulatory Commission (ERC) Act, 1998 has paved way for establishment of Regulatory Commission at the Centre and the State with a view to rationalisation of electricity tariff, transparent policies regarding subsidies, etc. Under the provisions of this Act, the Central Government has constituted the Central Electricity Regulatory Commission (CERC). Maharashtra has constituted State Electricity Regulatory Commission (SERC) under the ERC Act, 1998 while Andhra Pradesh and Karnataka have constituted SERCs under their respective State Reform Acts. The SERCs in all these three States consist of three Members including Chairperson. Sixteen other States have also constituted SERCs. So far 11 State Commissions have issued tariff orders.

CERC has been entrusted with the powers *inter alia* to determine tariff for Central Generating Companies and inter-State Transmission Companies etc., while SERCs have been given power *inter alia* to determine tariff for electricity, wholesale, bulk, grid or retails as the case may be within the State.

Under the ERC Act, 1998 the State Electricity Regulatory Commissions, while fixing tariff are to be guided by the principle that tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency and if the State Governments so desires it can grant subsidy to any consumer or class of consumers in the tariff determined by SERC by paying the amount to compensate the utility affected by grant of such subsidy.

Andhra Pradesh Electricity Regulatory Commission (APERC) announced its first tariff order which was made effective in June, 2000. There had been an

average tariff increase of 15%. The tariff order sought to reduce cross subsidy and link tariffs to cost of service. For domestic consumers average tariff was increased by 54%. However. to mitigate the impact of tariff increase on residential consumers, the Government provided additional subsidy of Rs. 281 crore. Total subsidy paid by the Government of Andhra Pradesh during 2000-01 is Rs. 1626 crore. The APERC has issued second tariff order on 24.3.2001 proposing no tariff hike for the year 2001-02 except minor adjustment of tariff for domestic consumers. Government of Andhra Pradesh has committed subsidy of Rs. 1561.41 crores during 2001-02.

Maharashtra Electricity Regulatory Commission (MERC) in its first Tariff Order dated 5th May, 2000, has directed that the tariff for all categories would be simplified and would be gradually moved towards cost of supply. In tariff proposal for 2001-02 in the pursuance of MERC's order, MSEB has tried to rationalize the tariff by reducing 40 Nos. of categories/tariff rates to 17 Nos. Also subsidy deviation from cost of supply which was between 30% to 141% has been brought down to 38% to 125%.

Karnataka Electricity Regulatory Commission (KERC) has issued its first tariff order which has made effective from 29th December, 2000. The average tariff increase was equivalent to about 17% as against the hike of 24.5% proposed by Karnataka Power Transmission Corporation Ltd. (KPTCL). Government of Karnataka have agreed to give an additional subsidy of Rs. 144 crore to give relief to agricultural consumers below 10 Horse Power (HP).

Acquisition of auto pilot system

*411. SHRI K. RAMA MOHANA RAO:
SHRI RAMA MUNI REDDY SIRIGIREDDY:

Will the Minister of DEFENCE be pleased to state:

(a) whether it is fact that the CAG has criticised the Ministry and the IAF for not speeding-up the acquisition of auto pilot system for jaguars and upgradation programme of MIG-21 aircraft; and

(b) if so, the reaction of Government thereto?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) and (b) Report No. 8 of 2001 of the Comptroller and Auditor General of India (CAG) has pointed out delays in upgradation programme of Jaguar and MiG-21 BIS aircraft.